

Interim condensed consolidated financial information and review report  
**Gulf Cable and Electrical Industries Company – KSC and Subsidiary  
Kuwait**

30 September 2012 (Unaudited)

## Contents

	Page
Review report	1
Interim condensed consolidated statement of income	2
Interim condensed consolidated statement of comprehensive income	3
Interim condensed consolidated statement of financial position	4
Interim condensed consolidated statement of changes in equity	5 and 6
Interim condensed consolidated statement of cash flows	7
Notes to the interim condensed consolidated financial information	8 to 16



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## **Report on review of interim condensed consolidated financial information**

To the board of directors of  
Gulf Cable and Electrical Industries Company – KSC  
Kuwait

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Gulf Cable and Electrical Industries Company (A Kuwaiti Shareholding Company) and its subsidiary as of 30 September 2012 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

### **Report on review of other legal and regulatory requirements**

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the Company. We further report that, to the best of our knowledge and belief, no violations of the Commercial Companies Law of 1960, or of the articles of association of the Company, as amended, have occurred during the nine-month period ended 30 September 2012 that might have had a material effect on the business or financial position of the Company.

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Kuwait  
14 November 2012

## Interim condensed consolidated statement of income

	Note	Three months ended (Unaudited)		Nine months ended (Unaudited)	
		30 Sept. 2012 KD	30 Sept. 2011 KD	30 Sept. 2012 KD	30 Sept. 2011 KD
<b>Revenue</b>					
Sales		19,954,392	27,952,921	65,781,373	90,700,442
Cost of sales		(16,963,171)	(22,944,509)	(56,665,455)	(69,976,414)
<b>Gross profit</b>		<b>2,991,221</b>	<b>5,008,412</b>	<b>9,115,918</b>	<b>20,724,028</b>
Dividend income		8,000	-	8,459,386	26,240,643
Other investment income		4,092	3,014	36,550	80,008
Loss on sale of available for sale investments		(310,606)	(143,737)	(242,964)	(498,948)
Interest income		2,239	2,832	8,326	14,973
Other revenue		53	2,359	2,653	5,509
Gain/(loss) on foreign exchange		155,109	(675,184)	669,010	(932,240)
		<b>2,850,108</b>	<b>4,197,696</b>	<b>18,048,879</b>	<b>45,633,973</b>
<b>Expenses and other changes</b>					
Administrative expenses		916,240	898,362	2,762,597	2,852,643
Commercial expenses		441,352	359,495	1,853,613	1,798,289
Impairment of available for sale investments		-	-	676,008	843,085
Provision for doubtful debts		-	-	-	1,876,546
Provision / (reversal) for obsolete stock		78,630	(7,173)	47,803	45,550
Finance costs		558,556	690,020	1,639,474	2,537,505
		<b>1,994,778</b>	<b>1,940,704</b>	<b>6,979,495</b>	<b>9,953,618</b>
<b>Profit for the period before income tax</b>		<b>855,330</b>	<b>2,256,992</b>	<b>11,069,384</b>	<b>35,680,355</b>
Income tax for overseas subsidiary		(5,145)	(4,135)	(9,350)	(17,331)
<b>Profit before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST), Zakat and Directors' remuneration</b>		<b>850,185</b>	<b>2,252,857</b>	<b>11,060,034</b>	<b>35,663,024</b>
Contribution to KFAS		(8,272)	(22,305)	(110,021)	(355,031)
NLST		(23,026)	(55,905)	(80,914)	(320,301)
Zakat		(9,210)	(22,363)	(32,365)	(123,121)
Directors' remuneration		(77,500)	(77,500)	(232,500)	(232,500)
<b>Profit for the period</b>		<b>732,177</b>	<b>2,074,784</b>	<b>10,604,234</b>	<b>34,632,071</b>
Profit for the period attributable to:					
Owners of the parent company		709,269	2,052,379	10,546,334	34,472,107
Non-controlling interests		22,908	22,405	57,900	159,964
		<b>732,177</b>	<b>2,074,784</b>	<b>10,604,234</b>	<b>34,632,071</b>
<b>Basic and diluted earnings per share attributable to the owners of the parent company</b>	3	<b>3 Fils</b>	<b>10 Fils</b>	<b>50 Fils</b>	<b>164 Fils</b>

The notes set out on pages 8 to 16 form an integral part of this interim condensed consolidated financial information.

## Interim condensed consolidated statement of comprehensive income

	Three months ended (Unaudited)		Nine months ended (Unaudited)	
	30 Sept. 2012 KD	30 Sept. 2011 KD	30 Sept. 2012 KD	30 Sept. 2011 KD
Profit for the period	732,177	2,074,784	10,604,234	34,632,071
<b>Other comprehensive income:</b>				
Exchange differences arising on translation of foreign operations	24,938	67,559	76,882	(96,198)
Available for sale investments:				
- Net gain/(loss) arising during the period	1,557,919	(14,243,857)	(15,662,956)	(82,018,372)
- Transferred to interim condensed consolidated statement of income on sale	(44)	178,027	(30,330)	465,502
- Transferred to interim condensed consolidated statement of income on impairment	-	-	676,008	843,085
Total other comprehensive income/(loss)	1,582,813	(13,998,271)	(14,940,396)	(80,805,983)
Total comprehensive income/(loss) for the period	2,314,990	(11,923,487)	(4,336,162)	(46,173,912)
Total comprehensive income/(loss) for the period attributable to:				
Owners of the parent company	2,290,711	(11,949,608)	(4,398,290)	(46,328,585)
Non-controlling interests	24,279	26,121	62,128	154,673
	2,314,990	(11,923,487)	(4,336,162)	(46,173,912)

The notes set out on pages 8 to 16 form an integral part of this interim condensed consolidated financial information.

## Interim condensed consolidated statement of financial position

	Notes	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	(Restated) 30 Sept. 2011 (Unaudited) KD
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		10,881,864	12,050,190	12,524,536
Available for sale investments	4	132,684,427	142,985,404	150,467,161
		<b>143,566,291</b>	<b>155,035,594</b>	<b>162,991,697</b>
<b>Current assets</b>				
Inventories	5	37,340,850	37,362,022	41,297,155
Trade accounts receivable		23,898,388	30,373,319	28,852,667
Other receivables and prepayments		450,306	814,257	285,082
Fixed deposit	6	-	402,411	397,975
Cash and bank balances	6	17,876,422	10,429,185	9,777,360
		<b>79,565,966</b>	<b>79,381,194</b>	<b>80,610,239</b>
<b>Total assets</b>		<b>223,132,257</b>	<b>234,416,788</b>	<b>243,601,936</b>
<b>Equity and liabilities</b>				
<b>Equity attributable to the owners of the parent company</b>				
Share capital		20,993,131	20,993,131	20,993,131
Share premium		29,160,075	29,160,075	29,160,075
Legal reserve		20,993,131	20,993,131	18,088,033
Voluntary reserve		20,993,131	20,993,131	18,088,033
General reserve		20,532,256	20,532,256	16,788,145
Other components of equity	7	7,765,217	22,709,841	28,695,450
Retained earnings		32,974,495	37,753,148	45,479,345
		<b>153,411,436</b>	<b>173,134,713</b>	<b>177,292,212</b>
Non-controlling interests		471,691	409,563	397,427
		<b>153,883,127</b>	<b>173,544,276</b>	<b>177,689,639</b>
<b>Non-current liabilities</b>				
Provision for staff indemnity		1,873,120	1,715,052	1,677,353
Long term loans	8	33,114,960	1,229,140	7,542,253
		<b>34,988,080</b>	<b>2,944,192</b>	<b>9,219,606</b>
<b>Current liabilities</b>				
Trade accounts payable		2,154,359	2,521,086	2,396,871
Other payables and accruals		9,297,593	9,744,319	7,958,301
Current portion of long term loans	8	12,543,850	5,507,186	6,160,832
Short term loans	8	10,000,000	40,000,000	40,000,000
Due to banks	6	265,248	155,729	176,687
		<b>34,261,050</b>	<b>57,928,320</b>	<b>56,692,691</b>
<b>Total liabilities</b>		<b>69,249,130</b>	<b>60,872,512</b>	<b>65,912,297</b>
<b>Total equity and liabilities</b>		<b>223,132,257</b>	<b>234,416,788</b>	<b>243,601,936</b>

Bader Naser Al-Khorafi  
Chairman and Managing Director

The notes set out on pages 8 to 16 form an integral part of this interim condensed consolidated financial information.

## Interim condensed consolidated statement of changes in equity (Unaudited)

	Attributable to the owners of the parent company								Non-controlling interests	Total
	Share Capital KD	Share premium KD	Legal reserve KD	Voluntary reserve KD	General reserve KD	Other components of equity (Note 7) KD	Retained earnings KD	Sub-total KD	KD	KD
Balance at 1 January 2012	20,993,131	29,160,075	20,993,131	20,993,131	20,532,256	22,709,841	37,753,148	173,134,713	409,563	173,544,276
Payment of cash dividends (Note 9)	-	-	-	-	-	-	(15,324,987)	(15,324,987)	-	(15,324,987)
Transactions with owners	-	-	-	-	-	-	(15,324,987)	(15,324,987)	-	(15,324,987)
Profit for the period	-	-	-	-	-	-	10,546,334	10,546,334	57,900	10,604,234
Total other comprehensive (loss)/income	-	-	-	-	-	(14,944,624)	-	(14,944,624)	4,228	(14,940,396)
Total comprehensive (loss) / income for the period	-	-	-	-	-	(14,944,624)	10,546,334	(4,398,290)	62,128	(4,336,162)
Balance at 30 September 2012	20,993,131	29,160,075	20,993,131	20,993,131	20,532,256	7,765,217	32,974,495	153,411,436	471,691	153,883,127

## Interim condensed consolidated statement of changes in equity (Unaudited) (continued)

	Attributable to the owners of the parent company							Sub-total KD	Non- controlling interests KD	Total KD
	Share capital KD	Share premium KD	Legal reserve KD	Voluntary reserve KD	General reserve KD	Other components of equity (Note 7) KD	Retained earnings KD			
Balance at 31 December 2010 (as reported)	20,993,131	29,160,075	18,088,033	18,088,033	16,788,145	109,496,142	25,259,364	237,872,923	278,058	238,150,981
Prior year adjustment by subsidiary (Note 15)	-	-	-	-	-	-	(606,591)	(606,591)	(35,304)	(641,895)
Balance at 1 January 2011(as restated)	20,993,131	29,160,075	18,088,033	18,088,033	16,788,145	109,496,142	24,652,773	237,266,332	242,754	237,509,086
Payment of cash dividends	-	-	-	-	-	-	(13,645,535)	(13,645,535)	-	(13,645,535)
Transactions with owners	-	-	-	-	-	-	(13,645,535)	(13,645,535)	-	(13,645,535)
Profit for the period	-	-	-	-	-	-	34,472,107	34,472,107	159,964	34,632,071
Total other comprehensive loss	-	-	-	-	-	(80,800,692)	-	(80,800,692)	(5,291)	(80,805,983)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(80,800,692)	34,472,107	(46,328,585)	154,673	(46,173,912)
Balance at 30 September 2011	20,993,131	29,160,075	18,088,033	18,088,033	16,788,145	28,695,450	45,479,345	177,292,212	397,427	177,689,639

The notes set out on pages 8 to 16 form an integral part of this interim condensed consolidated financial information.

## Interim condensed consolidated statement of cash flows

	Note	Nine months ended 30 Sept. 2012 (Unaudited) KD	Nine months ended 30 Sept. 2011 (Unaudited) KD
<b>OPERATING ACTIVITIES</b>			
Profit for the period		10,604,234	34,632,071
Adjustments:			
Depreciation		1,345,175	1,438,277
Provision for staff indemnity		307,498	223,419
Finance costs		1,639,474	2,537,505
Interest income		(8,326)	(14,973)
Dividend income		(8,459,386)	(26,240,643)
Other investment income		(36,550)	(80,008)
Loss on sale of available for sale investments		242,964	498,948
Impairment of available for sale investments		676,008	843,085
Gain on sale of property, plant and equipment on disposal		-	(573)
Foreign exchange loss/(gain) on non-operating liabilities		87,955	(306,793)
		6,399,046	13,530,315
Changes in operating assets and liabilities:			
Inventories		95,853	(4,520,347)
Trade accounts receivable		6,474,931	(910,050)
Other receivables and prepayments		(136,049)	393,888
Trade accounts payable		(366,727)	250,743
Other payables and accruals		(699,982)	(1,714,221)
Staff indemnity paid		(149,430)	(58,262)
<b>Net cash from operating activities</b>		<b>11,617,642</b>	<b>6,972,066</b>
<b>INVESTING ACTIVITIES</b>			
Proceed from fixed deposit maturing after three months		-	395,759
Capital expenditure		(224,663)	(152,461)
Proceeds from sale of property, plant and equipment on disposal		-	575
Purchase of available for sale investments		(15,514,209)	(55,904)
Proceeds from sale of available for sale investments		10,378,935	7,326,207
Dividend income received		8,459,386	26,240,643
Other investment income received		36,550	80,008
Interest income received		8,326	14,499
<b>Net cash from investing activities</b>		<b>3,144,325</b>	<b>33,849,326</b>
<b>FINANCING ACTIVITIES</b>			
Payment of dividends		(15,088,376)	(14,183,592)
Proceeds from term loans		24,092,500	17,964,520
Payment of term loans		(15,257,971)	(43,628,027)
Finance costs paid		(1,622,829)	(2,469,386)
<b>Net cash used in financing activities</b>		<b>(7,876,676)</b>	<b>(42,316,485)</b>
Increase/(decrease) in cash and cash equivalents		6,885,291	(1,495,093)
Foreign currency adjustment		50,016	67,575
Cash and cash equivalents at beginning of the period	6	10,675,867	11,426,166
<b>Cash and cash equivalents at end of the period</b>	<b>6</b>	<b>17,611,174</b>	<b>9,998,648</b>

The notes set out on pages 8 to 16 form an integral part of this interim condensed consolidated financial information.

## Notes to the interim condensed consolidated financial information

### 1 Incorporation and activities

Gulf Cable and Electrical Industries Company – KSC (“the parent company”) is a registered Kuwaiti shareholding company, which was established on 15 March 1975. Its shares are listed on the Kuwait Stock Exchange.

The group comprises the parent company and its 94.5% subsidiary Gulf Cable and Multi Industries Company – JSC, Jordan. The principal activities of the group are the manufacture and supply of cables and related products and the holding of investments.

The address of the parent company’s registered office is PO Box 1196, Safat 13012, State of Kuwait.

This interim condensed consolidated financial information for the nine-month period ended 30 September 2012 was authorised for issue by the parent company’s board of directors on 14 November 2012.

### 2 Basis of presentation

The interim condensed consolidated financial information of the group has been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting”. The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the consolidated financial statements of the group for the year ended 31 December 2011 except for adoption of relevant new standards, amendments to certain standards and interpretations.

The interim condensed consolidated financial information has been presented in Kuwaiti Dinars which is the functional currency of the parent company.

This interim condensed consolidated financial information does not include all information and disclosures required for complete financial statements prepared in accordance with the International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended 31 December 2011.

Operating results for the nine month period ended 30 September 2012 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2012. For further details, refer to the consolidated financial statements and its disclosures for the year ended 31 December 2011.

## Notes to the interim condensed consolidated financial information (continued)

### 2 Basis of presentation (continued)

#### Adoption of new IASB Standards and amendments during the period

The group has adopted the following amended IFRS during the period:

##### *IFRS 7 Financial Instruments: Disclosures- amendment*

The amendments to IFRS 7 Financial Instruments: Disclosures resulted as a part of comprehensive review of off financial position activities. The amendments allows users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitisations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also required additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The adoption of this amendment did not have any significant impact on the financial position or performance of the group.

#### IASB Standards issued but not yet effective

At the date of authorisation of this interim condensed consolidated financial information, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the group.

Management anticipates that all of the relevant pronouncements will be adopted in the group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the group's financial statements is provided below.

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IAS 1 Presentation of Financial Statements – amendment	1 July 2012
IAS 27 Consolidated and Separate Financial Statements	
- Revised as IAS 27 Separate Financial Statements	1 January 2013
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2015
IFRS 10 Consolidated Financial Statements	1 January 2013
IFRS 12 Disclosure of Interest in Other Entities	1 January 2013
IFRS 13 Fair Value Measurement	1 January 2013

##### *IAS 1 Presentation of Financial Statements- amendment*

The amendment to IAS 1 requires entities to group other comprehensive income items presented in the interim condensed consolidated statement of comprehensive income based on those:

- Potentially reclassifiable to interim condensed consolidated statement of income in a subsequent period, and
- That will not be reclassified to interim condensed consolidated statement of income subsequently.

The group will change the current presentation of the interim condensed consolidated statement of comprehensive income when the amendment becomes effective.

##### *IAS 27 Consolidated and Separate Financial statements – Revised as IAS 27 Separate Financial Statements*

As a result of the consequential amendments, IAS 27 now deals with separate financial statements.

## Notes to the interim condensed consolidated financial information (continued)

### 2 Basis of presentation (continued)

#### IASB Standards issued but not yet effective (continued)

##### *IFRS 9 Financial Instruments*

The IASB aims to replace IAS 39 *Financial Instruments: Recognition and Measurement* in its entirety, with the replacement standard to be effective for annual periods beginning 1 January 2015. IFRS 9 is the first part of Phase 1 of this project. The main phases are:

- Phase 1: Classification and Measurement
- Phase 2: Impairment methodology
- Phase 3: Hedge accounting

In addition, a separate project is dealing with derecognition.

Although earlier application of this standard is permitted, the Technical Committee of the Ministry of Commerce and Industry of Kuwait decided on 30 December 2009, to postpone this early application till further notice, due to the non-completion of the remaining stages of the standard.

##### *IFRS 10 Consolidated Financial Statements*

IFRS 10 supersedes IAS 27 *Consolidated and Separate Financial Statements*. It revised the definition of control together with accompanying guidance to identify an interest in subsidiary. However, the requirements and procedures of consolidation and the accounting for any non-controlling interests and changes in control remain the same.

##### *IFRS 12 Disclosure of Interests in Other Entities*

IFRS 12 is designed to complement the other new standards. It sets out consistent disclosure requirements for subsidiaries, joint ventures and associates, as well as unconsolidated structured entities. The disclosure requirements are extensive and will result in significant amounts of new disclosures for some companies. Structured entities were previously referred to in SIC 12 as special purpose entities. The disclosures required by IFRS 12 aim to provide transparency about the risks a company is exposed to through its interests in structured entities.

##### *IFRS 13 Fair Value Measurement*

IFRS 13 does not affect which items to be fair valued, but clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. The adoption of this standard is not expected to have a significant impact on the financial position and performance of the group.

## Notes to the interim condensed consolidated financial information (continued)

### 3 Basic and diluted earnings per share attributable to the owners of the parent company

Basic and diluted earnings per share attributable to the owners of the parent company are calculated by dividing the profit for the period attributable to the owners of the parent company by the weighted average number of ordinary shares outstanding during the period as follows:

	Three months ended (Unaudited)		Nine months ended (Unaudited)	
	30 Sept. 2012	30 Sept. 2011	30 Sept. 2012	30 Sept. 2011
Profit for the period attributable to the owners of the parent company (KD)	709,269	2,052,379	10,546,334	34,472,107
Weighted average number of ordinary shares outstanding during the period	209,931,310	209,931,310	209,931,310	209,931,310
Basic and diluted earnings per share attributable to the owners of the parent company	3 Fils	10 Fils	50 Fils	164 Fils

### 4 Available for sale investments

	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
Managed portfolios	102,185,237	120,242,791	125,222,996
Quoted shares	18,271,088	13,977,310	15,191,908
Managed funds	1,996,681	1,972,917	1,984,999
Unquoted shares	9,514,882	5,941,103	6,978,122
Unquoted funds	716,539	851,283	1,089,136
	132,684,427	142,985,404	150,467,161

Unquoted funds include investments in private equity funds amounting to KD716,539 (31 December 2011: KD851,283 and 30 September 2011 : KD1,089,136). Information for these investments is limited to periodic financial reports provided by the investment managers. These investments are carried at net asset values reported by the investment managers. Due to the nature of these investments, the net asset values reported by the investment managers represent the best estimate of fair values available for these investments.

The group recognised impairment loss of KD676,008 (30 September 2011: KD 843,085) in respect of certain available for sale investments.

## Notes to the interim condensed consolidated financial information (continued)

### 5 Inventories

	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
Raw materials	7,926,860	15,495,085	18,552,773
Finished goods	15,227,333	11,491,646	10,644,586
Work-in-progress	6,316,784	6,662,514	4,948,034
Spare parts	1,813,085	1,690,434	1,522,577
	<b>31,284,062</b>	<b>35,339,679</b>	<b>35,667,970</b>
Provision for obsolete inventories	(383,400)	(335,598)	(381,697)
	<b>30,900,662</b>	<b>35,004,081</b>	<b>35,286,273</b>
Goods in transit and prepaid letters of credit	6,440,188	2,357,941	6,010,882
	<b>37,340,850</b>	<b>37,362,022</b>	<b>41,297,155</b>

### 6 Cash and cash equivalents

Cash and cash equivalents in the interim condensed consolidated statement of cash flows comprise the following interim condensed consolidated statement of financial position accounts:

	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
Fixed deposit	-	402,411	397,975
Cash on hand	67,673	56,072	124,783
Cash in portfolio	419,300	414,178	1,828,608
Bank balances	17,389,449	9,958,935	7,823,969
Total cash and cash equivalents	<b>17,876,422</b>	<b>10,831,596</b>	<b>10,175,335</b>
Less: due to banks	(265,248)	(155,729)	(176,687)
Cash and cash equivalent for statement of cash flows	<b>17,611,174</b>	<b>10,675,867</b>	<b>9,998,648</b>

## Notes to the interim condensed consolidated financial information (continued)

### 7 Other components of equity

	Fair value reserve KD	Foreign currency translation reserve KD	Total KD
<b>Balance at 1 January 2012</b>	<b>22,932,912</b>	<b>(223,071)</b>	<b>22,709,841</b>
Exchange differences arising on translation of foreign operations	-	72,654	72,654
AFS financial assets			
- Net loss arising during the period	(15,662,956)	-	(15,662,956)
- Transferred to interim condensed consolidated statement of income on sale	(30,330)	-	(30,330)
- Transferred to interim condensed consolidated statement of income on impairment	676,008	-	676,008
<b>Total other comprehensive (loss)/income for the period</b>	<b>(15,017,278)</b>	<b>72,654</b>	<b>(14,944,624)</b>
<b>Balance at 30 September 2012</b>	<b>7,915,634</b>	<b>(150,417)</b>	<b>7,765,217</b>
<b>Balance at 1 January 2011</b>	<b>109,693,343</b>	<b>(197,201)</b>	<b>109,496,142</b>
Exchange differences arising on translation of foreign operations	-	(90,907)	(90,907)
AFS financial assets			
- Net loss arising during the period	(82,018,372)	-	(82,018,372)
- Transferred to interim condensed consolidated statement of income on sale	465,502	-	465,502
- Transferred to interim condensed consolidated statement of income on impairment	843,085	-	843,085
<b>Total other comprehensive loss for the period</b>	<b>(80,709,785)</b>	<b>(90,907)</b>	<b>(80,800,692)</b>
<b>Balance at 30 September 2011</b>	<b>28,983,558</b>	<b>(288,108)</b>	<b>28,695,450</b>

### 8 Term loans

	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
<b>Long term loans:</b>			
- USD 12,500,000 facility	-	-	1,151,250
- USD 55,000,000 facility	-	4,389,786	4,341,857
- USD 50,000,000 facility	14,132,500	-	-
- USD 20,000,000 facility	1,526,310	2,346,540	5,526,000
- USD 10,000,000 facility	-	-	2,683,978
- KD 40,000,000 facility	30,000,000	-	-
	<b>45,658,810</b>	<b>6,736,326</b>	<b>13,703,085</b>
Instalments due within next twelve months	<b>(12,543,850)</b>	<b>(5,507,186)</b>	<b>(6,160,832)</b>
Instalments due after next twelve months	<b>33,114,960</b>	<b>1,229,140</b>	<b>7,542,253</b>
<b>Short term loans</b>			
- Kuwait Dinar	<b>10,000,000</b>	<b>40,000,000</b>	<b>40,000,000</b>

## Notes to the interim condensed consolidated financial information (continued)

### 8 Term loans (continued)

- Long term loan facility amounting to US\$50,000,000 was obtained from a regional bank. The loan is unsecured and carries floating interest of 2.15% per annum over 6 months LIBOR. The loan is repayable in four semi annual instalments of US\$5,000,000 and five semi annual instalments of US\$ 6,000,000 ending on 18 September 2017.
- Long term loan facility amounting to US\$20,000,000 was obtained from a local bank. The loan is unsecured and carries interest of 1.75% above three months LIBOR. The loan is repayable in twenty quarterly instalments of US\$1,000,000 ending on 31 October 2016.
- During the period, the group rescheduled the short term loans amounting to KD40,000,000, which were obtained from a local bank into a long term loan. The loan is unsecured and carries interest of 2.5% per annum above Central Bank of Kuwait discount rate. The loan is repayable in eight semi annual instalments of KD5,000,000 ending on 15 August 2015.
- Short term loan outstanding at 30 September 2012 was obtained from a local bank. The loan is unsecured and carries interest rate of 2% per annum above Central Bank of Kuwait discount rate. The loan matures on 4 January 2013.

### 9 General assembly of shareholders

The annual general assembly of the shareholders held on 21 March 2012 approved the consolidated financial statements of the group for the year ended 31 December 2011 and approved cash dividend of 73 Fils per share amounting to KD15,324,987 for the year ended 31 December 2011.

### 10 Segmental information

The group's operating segments are cable manufacture and investment. The information relating to these segments are as follows.

	Cable manufacture (Unaudited) KD	Investment (Unaudited) KD	Total (Unaudited) KD
<b>Three months ended 30 September 2012</b>			
Revenue	19,954,392	(310,679)	19,643,713
Segment profit/(loss)	1,650,252	(800,067)	850,185
Unallocated expenses			(118,008)
Profit for the period			732,177
<b>Nine months ended 30 September 2012</b>			
Revenue	65,781,373	7,650,194	73,431,567
Segment profit	4,979,023	6,081,011	11,060,034
Unallocated expenses			(455,800)
Profit for the period			10,604,234
Impairment of available for sale investments	-	676,008	676,008
Total assets	90,028,530	133,103,727	223,132,257
Total liabilities	(23,573,674)	(45,675,456)	(69,249,130)
Net asset value employed	66,454,856	87,428,271	153,883,127

## Notes to the interim condensed consolidated financial information (continued)

### 10 Segmental information (continued)

	Cable manufacture (Unaudited) KD	Investment (Unaudited) KD	Total (Unaudited) KD
<b>Three months ended 30 September 2011</b>			
Revenue	27,952,921	(94,905)	27,858,016
Segment profit/(loss)	3,032,460	(779,603)	2,252,857
Unallocated expenses			(178,073)
Profit for the period			2,074,784
<b>Nine months ended 30 September 2011</b>			
Revenue	90,700,442	24,770,714	115,471,156
Segment profit	13,278,036	22,384,988	35,663,024
Unallocated expenses			(1,030,953)
Profit for the period			34,632,071
Impairment of available for sale investments	-	843,085	843,085
Total assets	92,736,326	150,865,610	243,601,936
Total liabilities	(14,853,392)	(51,058,905)	(65,912,297)
Net asset value employed	77,882,934	99,806,705	177,689,639

### 11 Related party transactions

These represent transactions with certain related parties (directors and executive officers of the parent company and their related concerns) approved by management of the parent company.

	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
<b>Amounts included in interim condensed consolidated statement of financial position</b>			
Trade accounts receivables	2,984,159	2,185,689	2,034,933
Trade accounts payables	695	24,509	8,509
<b>Amounts included in interim condensed consolidated statement of income</b>			
	<b>Three months ended (Unaudited)</b>		<b>Nine months ended (Unaudited)</b>
	30 Sept. 2012 KD	30 Sept. 2011 KD	30 Sept. 2012 KD
Sales	1,090,662	221,403	1,635,541
Industrial expenses	2,075	26,653	38,146
<b>Key management compensation:</b>			
Salaries and other short term benefits	358,154	356,427	1,074,462
End of service benefits	3,468	1,020	14,270
	361,622	357,447	1,088,732

## Notes to the interim condensed consolidated financial information (continued)

### 12 Capital commitments

At the period end, the group was committed to purchase investments amounting to KD Nil (31 December 2011: KD Nil and 30 September 2011: KD1,000,000) and to purchase new machinery and equipment amounting to KD7,366 (31 December 2011: KD152,993 and 30 September 2011: KD129,577).

### 13 Contingent liabilities

Contingent liabilities at the period end in respect of outstanding letters of guarantee amounted to KD12,862,184 (31 December 2011: KD8,546,430 and 30 September 2011: KD8,600,590).

### 14 Derivative financial instruments

During the period the parent company has entered into a amortising interest rate swap against having notional amount of USD50,000,000 to convert its floating rate borrowings to a fixed rate. At 30 September 2012, the fair value of the swap was not material to the interim condensed consolidated financial information.

### 15 Comparative figures

During 2011, the subsidiary capitalised certain items of property, plant and equipment having original cost of KD1,458,300 and charged depreciation from the date of acquisition. Depreciation charge for the period up to 31 December 2010 amounted to KD641,895 which was recognised as prior year adjustment in the consolidated financial statements of the group for the year ended 31 December 2011. The comparative amounts for the period ended 30 September 2011 have been restated to reflect the above prior year adjusted comparative amounts.